

THE RELATIONSHIP BETWEEN CUSTOMER RELATIONSHIP  
MANAGEMENT (CRM) AND EMPLOYEE SKILLS TO CUSTOMER  
SATISFACTION: CASE STUDY AT MICRO FINANCE DEPARTMENT,  
BSN

MOHD NOR HAZWAN BIN YUSUF

UNIVERSITI UTARA MALAYSIA  
2011

**THE RELATIONSHIP BETWEEN CUSTOMER RELATIONSHIP  
MANAGEMENT (CRM) AND EMPLOYEE SKILLS TO CUSTOMER  
SATISFACTION: CASE STUDY AT MICRO FINANCE DEPARTMENT, BSN**

**A thesis submitted to the College of Business  
in partial fulfillment of the requirements for the degree  
Master of Business Administration (General)  
Universiti Utara Malaysia**

**BY  
MOHD NOR HAZWAN BIN YUSUF  
805475**



**KOLEJ PERNIAGAAN**  
(College of Business)  
Universiti Utara Malaysia

**PERAKUAN KERJA KERTAS PROJEK**  
(Certification of Project Paper)

Saya, mengaku bertandatangan, memperakukan bahawa  
(I, the undersigned, certified that)

**MOHD NOR HAZWAN BIN YUSUF (805475)**

Calon untuk Ijazah Sarjana

(Candidate for the degree of) **MASTER OF BUSINESS ADMINISTRATION**

telah mengemukakan kertas projek yang bertajuk  
(has presented his/her project paper of the following title)

**THE RELATIONSHIP BETWEEN CUSTOMER RELATIONSHIP MANAGEMENT (CRM)  
AND EMPLOYEE SKILLS TO CUSTOMER SATISFACTION: CASE STUDY  
AT MICRO FINANCE DEPARTMENT, BSN.**

Seperti yang tercatat di muka surat tajuk dan kulit kertas projek  
(as it appears on the title page and front cover of the project paper)

Bahawa kertas projek tersebut boleh diterima dari segi bentuk serta kandungan dan meliputi bidang ilmu dengan memuaskan.

(that the project paper acceptable in the form and content and that a satisfactory knowledge of the field is covered by the project paper).

Nama Penyelia : **MR. MOHD FAIZAL B. MOHD ISA**  
(Name of Supervisor)

Tandatangan :  
(Signature)

Tarikh : **09 FEBRUARY 2011**  
(Date)

## **DECLARATION**

I declare that the substance of this project paper has never been submitted for any degree or post graduate program and qualifications.

I certify that all the supports and assistance received in preparing this project paper and all the sources abstracted have been acknowledge in this stated project paper.

**MOHD NOR HAZWAN BIN YUSUF**

**805475**

College of Business

Universiti Utara Malaysia

06010 Sintok

Kedah Darul Aman

## **PERMISSION TO USE**

In presenting this thesis as partial fulfillment of the requirements for a postgraduate degree from Universiti Utara Malaysia, I agree that the Universiti Utara Malaysia may make it freely available for inspection. I further agree that permission for copying of this thesis in any manner, in whole or in part, for scholarly purposes may be granted by my supervisor, or in their absence, by the Dean of College of Business. It is understood that any copying or publication or use of this thesis or parts thereof for financial gain shall not be allowed without my written permission. It is also understood that due recognition shall be given to me and to Universiti Utara Malaysia for any scholarly use which may be made of any material from my thesis.

Request of permission to copy or to make other use of material in this thesis, in whole or in part should be addressed to:

**Dean of College of Business  
Universiti Utara Malaysia  
06010 Sintok  
Kedah Darul Aman**

## **ABSTRACT**

Globalization and the high level of competition need the banking sector to increase their customer satisfaction for the continuity of business. The popular approach to ensure the customer satisfaction is by practicing the Customer Relationship Management (CRM). The purpose of this study is to identify the relationship and influence of CRM and employees' skills towards customer satisfaction in MFD, Bank Simpanan Nasional, Kota Bharu. This study carried out by covering 126 of customers who deal with MFD from various levels. The questionnaire is adapted from research done by Richard, J.E (2008) regarding on CRM and research done by Nick, Patrick (2008) regarding on customers' satisfaction. Mean, Standard Deviation, Pearson Correlation Coefficient and Linear Regression were used to achieve objectives of the study. The result from mean analysis shown that customer satisfaction levels on CRM were low compared to employees' skills. The result from Pearson Correlation Coefficient shows that there is low positive significant relationship between employees' skills on customer satisfaction. While, the linear regression analysis shows that the CRM factor is the most influential factor ( $\beta = .386$ ,  $p = .000$ ) on customers' satisfaction in MFD, Bank Simpanan Nasional, Kota Bharu. This study proposes that MFD must review their CRM factor and employees' skills that possessed by their staff to improve customers' satisfaction.

## **ABSTRAK**

*Globalisasi dan tahap persaingan yang semakin tinggi memerlukan sektor perbankan meningkatkan tahap kepuasan pelanggan mereka bagi memastikan kelangsungan perniagaan. Antara pendekatan yang popular bagi memastikan kepuasan pelanggan tercapai ialah menerusi amalan Pengurusan Perhubungan Pelanggan (CRM). Oleh itu, kajian ini bertujuan mengenalpasti hubungan dan pengaruh CRM dan kemahiran pekerja ke atas kepuasan pelanggan di MFD, Bank Simpanan Nasional, Kota Bharu. Kajian ini dijalankan secara kajian lapangan meliputi 126 orang pelanggan pelbagai peringkat yang berurusan dgn MFD, BSN cawangan Kota Bharu. Soal selidik kajian adalah diadaptasi daripada kajian mengenai CRM yang dilakukan oleh Richard, J.E (2008) dan kajian mengenai kepuasan pelanggan oleh Nick, Patrick (2008). Ujian analisis "Mean", "Standard Deviation", "Pearson Correlation Coefficient" dan "Linear Regression" digunakan bagi mencapai objektif kajian. Keputusan "Mean" menunjukkan bahawa tahap kepuasan pelanggan terhadap CRM adalah rendah berbanding kemahiran pekerja. Hasil analisis "Pearson Correlation Coefficient" mendapati bahawa terdapat hubungan signifikan positif yang rendah antara faktor kemahiran pekerja ke atas kepuasan pelanggan. Manakala analisis "Linear Regression" menunjukkan bahawa factor CRM merupakan faktor paling berpengaruh ( $\beta = .386$ ,  $p = .000$ ) ke atas kepuasan pelanggan di MFD, BSN cawangan Kota Bharu. Kajian ini mencadangkan bahawa untuk meningkatkan kepuasan pelanggan, BSN perlu melihat semula faktor CRM dan kemahiran pekerja yang dimiliki oleh staf mereka.*

## **ACKNOWLEDGMENT**

“In The Name of Allah The Most Gracious And The Most Merciful”

Firstly, I would like to convey my gratitude to Allah S.W.T for giving me the drive and motivation to complete this study.

Secondly, from the inception until the completion of this research, my sincere appreciation and innumerable thank you goes to my supervisor En. Mohd Faizal b. Mohd Isa, whose guidance, careful reading, constructive comments, support and advice has enabled me to gain a deep understanding throughout the whole process of the thesis.

Thirdly I would like to take this opportunity to acknowledge with gratitude the cooperation received from all of staff MFD, Bank Simpanan Nasional, Kota Bharu especially Puan Wan Rohana Wan Hussin for continued support, time, cooperation and took deep interest by giving information to complete my project.

Last but not least, I would like to deliver my special thanks to my family and all my friends that really help me during completing this research project.



## **TABLE OF CONTENTS**

<b>DECLARATION</b>	<b>i</b>
<b>PERMISSION TO USE</b>	<b>ii</b>
<b>ABSTRACT</b>	<b>iii</b>
<b>ABSTRAK</b>	<b>iv</b>
<b>ACKNOWLEDGMENT</b>	<b>v</b>
<b>TABLE OF CONTENTS</b>	<b>vi-viii</b>
<b>LIST OF TABLES</b>	<b>ix-x</b>
<b>LIST OF FIGURES</b>	<b>xi</b>
<b>LIST OF CHARTS</b>	<b>xii</b>
 <b>CHAPTER 1: INTRODUCTION</b>	 <b>1</b>
1.1 Introduction	1-3
1.2 Problem Statement	3-11
1.3 Research Framework	12
1.4 Research Objectives	12
1.5 Research Questions	13
1.6 Scope of the Study	13-14
1.7 Problems and Limitations	14-15
1.8 The Significance of the Study	15-16
 <b>CHAPTER 2: LITERATURE REVIEW</b>	 <b>17</b>
2.1 Introduction of Literature Review	17
2.2 Concept of CRM	17-18
2.2.1 The Four Dimensions of CRM Implementations	18-21
2.2.2 Importance of CRM	21-23
2.3 Concept of Employee skills	24-25
2.3.1 Dimension of Employee skills	26
2.3.2 Importance of Employee skills	27
2.4 Concept of Customer Satisfaction	27-28
2.4.1 Dimension of Customer Satisfaction	28-30
2.4.2 Importance of Customer Satisfaction	31
2.5 CRM and Employee skills as contributing to Customer Satisfaction	32-33

2.6	Limitations of CRM Practices	33
2.7	Impact of Customer Satisfaction to Business (CRM based)	34-35
2.8	Previous Research Finding	35-36
2.9	Hypotheses of the Study	37
2.10	Operational Definition	37-38

### **CHAPTER 3: RESEARCH METHODOLOGY** **39**

3.1	Introduction	39
3.2	Research Design	39-40
3.3	Location of the Study	40
3.4	Population and Sampling Procedure	40-41
3.5	Design of Questionnaire	41
3.5.1	Variables and Measures	41-42
3.5.2	Interpretation of Variables	42-43
3.6	Data Collection Method	43-44
3.7	Research Framework	45
3.8	Pilot Test	45-46
3.8.1	Reliability Test	46
3.9	Data Analysis	46-47
3.9.1	Descriptive Statistic	47
3.9.2	Inferential Statistic	48-49
3.10	Conclusion	49

### **CHAPTER 4: FINDING** **50**

4.1	Introduction	50
4.2	Reliability Test	50-51
4.3	Data Screening	51
4.3.1	Missing Value	51
4.3.2	Normality	52
4.4	Survey Responses	53
4.5	Descriptive Analysis	53
4.5.1	Demographic Analysis	54-57
4.5.2	Mean & Standard Deviation	58

4.5.2.1	Perception on CRM	58-59
4.5.2.2	Perception on Employee Skills	59-60
4.5.2.3	Perception on Customers' Satisfaction	61-62
4.5.3	Level of Variables	63
4.7	Correlation Analysis	63
4.7.1	Relationship between CRM – Employees' skills with Customers' Satisfaction	64
4.7.2	Relationship between CRM Dimensions and Customers' Satisfaction	64-65
4.7.3	The Influence of CRM and Employee Skills on Customers' Satisfaction	65-67
4.8	Summary of Hypothesis Testing	67

## **CHAPTER 5: DISCUSSION, RECOMMENDATION AND CONCLUSION      68**

5.1	Introduction	68
5.2	Overview of the Findings	68-70
5.3	Discussion	71
5.3.1	Level of CRM, employee skill and customer satisfaction	71-71
5.3.2	Relationship between CRM and Employee Skills on Customers' Satisfaction	72-74
5.3.3	Influence of CRM and employee skill toward customer Satisfaction	74-75
5.4	Recommendation for Future Research	75-76
5.6	Research Implication	76
5.7	Conclusion	76-77

<b>REFERENCES</b>	<b>78-82</b>
<b>APPENDIX A: QUESTIONNAIRE</b>	<b>83-87</b>
<b>APPENDIX B: SPSS OUTPUT</b>	<b>88-94</b>

## **LIST OF TABLES**

TABLE 1.1: RESULTS OF STRUCTURAL EQUATION ANALYSIS	5
TABLE 1.2: APPLICATION RECEIVED FOR MF LOAN ON 2010	10
TABLE 2.1: RESEARCH ON CRM WITH CUSTOMERS' SATISFACTION	36
TABLE 3.1: SECTION A: SEVEN -POINT SCALE	42
TABLE 3.2: RELIABILITY ANALYSIS - CRONBACH'S ALPHA	46
TABLE 3.3: LEVEL OF AGREEMENT	47
TABLE 3.4: INTERPRETATION OF STRENGTH OF CORRELATION COEFFICIENT	48
TABLE 4.1: RELIABILITY ANALYSIS - CRONBACH'S ALPHA	51
TABLE 4.2: DESCRIPTIVE STATISTICS FOR RESPONDENTS' PROFILE	54
TABLE 4.3: CRM TOWARDS CUSTOMER'S SATISFACTION	58-59
TABLE 4.4: EMPLOYEE SKILLS TOWARDS CUSTOMERS' SATISFACTION	59-60
TABLE 4.5: PERCEPTION ON CUSTOMERS SATISFACTION	61-62
TABLE 4.6: LEVEL OF VARIABLES	63
TABLE 4.7: THE RESULTS OF PEARSON CORRELATION ANALYSIS FOR THE RELATIONSHIP BETWEEN CRM – EMPLOYEES' SKILLS AND CUSTOMERS' SATISFACTION	64

TABLE 4.8: THE RESULTS OF PEARSON CORRELATION ANALYSIS FOR THE RELATIONSHIP BETWEEN CRM ITEMS (MARKETING MANAGEMENT & CUSTOMER SERVICE MANAGEMENT) AND CUSTOMERS' SATISFACTION	65
TABLE 4.9(A): REGRESSION ANALYSIS FOR CRM	65
TABLE 4.9(B): REGRESSION ANALYSIS FOR EMPLOYEE SKILLS	66
TABLE 4.9(C): REGRESSION ANALYSIS FOR MARKETING MANAGEMENT	66
TABLE 4.9(D): REGRESSION ANALYSIS FOR CUSTOMER SERVICE MANAGEMENT	67
TABLE 4.10 : SUMMARY OF HYPOTHESIS TESTING	67

## **LIST OF FIGURES**

FIGURE 1.1: APPLICATION RECEIVED FOR MF LOAN ON 2010	10
FIGURE 3.1: RESEARCH FRAMEWORK	45
FIGURE 4.1: THE NORMAL Q-Q PLOT OF CRM – EMPLOYEES’ SKILLS AND CUSTOMERS’ SATISFACTION	52

# **CHAPTER 1**

## **INTRODUCTION**

### **1.1 Introduction**

Customer Relationship Management (CRM) covers methods and technologies used by companies to manage their relationship with clients. Information stored on existing customers (and potential) customers is analyzed and used to this ends. Automated CRM processes are often used to generate automatic personalized marketing based on the customer information stored in the system (Berling 1976; Cardazo 1965; Day 1977; Day & Landon 1977). Investigate CRM as a new concept. Follow the introduction of CRM in various settings, from department to corporations, and the changes, commitment and support that are required to make the implementation of it a success. CRM means developing a comprehensive picture of customer needs, expectations and behavior and managing those factors to affect business performance (Hoots, 1991).

The importance of CRM as source of competitive advantages has been recognized for decades (McKenna, 1993; Woodcock, 2000), nevertheless, it has been in recent years, with the deployment of the information technologies, when CRM has gained growing popularity. This business philosophy combines strategy and technology with the aim of get to know the customer and establishing a two-way communication and interaction in order to improve the efficiency and effectiveness of the business processes, increasing the value and satisfaction for both, customer and company. There are three issues underlying the CRM concept: relationships, networks and interaction (Gummesson, 2002).

The contents of  
the thesis is for  
internal user  
only



## REFERENCES

- Anderson, A. Fornell, C & Lehmann, D.R. 1994. Customer satisfaction, market share and profitability: finding from sweden: *Journal Business Marketing Proposals*. **11** (4) 45- 47
- Anderson, A. 1992. Sociology communication: *Communication Journal for Research Writing*. **15** (6): 78 – 85.
- Argyris, C & Schön, D. 1978. A crm model and its marketing implications: *Australian Journal of Marketing*. **13** (4): 12-35.
- Bateson. 1980. *Advertising vs. sales promotion & customer satisfaction, a brand management perspective*. Colorado: College of Business University of Colorado-Boulder.
- Bauer. 2002. *Customer loyalty in extended service settings, the interaction between satisfaction, value attainment and positive mood*. Limburg: Limburg University Centre, Department of Applied Economics, Universities Campus, Belgium.
- Berling, R. 1976. *Customer relationship management tools*. Atlanta: Flatbridge.
- Bloemer & Ruyter. 1998. *Customer loyalty in extended service settings, the interaction between satisfaction, value attainment and positive mood*. Limburg: Limburg University Centre, Department of Applied Economics, Universities Campus, Belgium.

- Brotman. 1994. Customer Satisfaction: toward a business marketing: *Journal of the Academy of Marketing Research*, **15** (4): 65-98.
- Boulding, Kalra, Stalin, & Zeithaml. 1993. The dimension of CRM effecting relationship: *Management Journal of Marketing*, **54** (2): 76
- Cardozo, R. 1965. *Customer relationship management tools*. Atlanta: Flatbridge
- Crosby, P. 1979. Managing complaint in distribution: manager perspective: *Journal of marketing channel*, **31** (2): 201-303
- Cravens. 2003. *Definition of customer relationship management tools and products for banking sectors*. New York : Simple CRM Article
- Fishbien, M & Ajzen, I. 1975. *Belief, attitude, intention and behavior: An introduction to theory and research*. Reading, Mass: Addison-Wesley.
- Day & Landon. 1977. *Customer relationship management tools*. Atlanta: Flatbridge
- Hoots. 1991. *Customer relationship management for facility managers*. Colorado: Wiley
- Hutchinson. 2001. *Definition of customer relationship management tools and products for banking sectors*. New York: Simple CRM Article

- Kincaid. 2003. *Engaging inquiry: research and writing in marketing and sales*. Atlanta: Flatbridge
- Kotorov, P. 1991. Customer relationship management: strategic lessons and future directions: *Business Process Management Journal*, 9 (5): 566-571
- Levesque & McDougall. 1996. Concept of customer satisfaction and retention for retail banking. *Business Journal*, 3: 712
- Ling & Yen 2001. Customer relationship management research (1992-2002). *International Journal of Research in Marketing*, 14(5): 405–420.
- Mifflin, H. 1989. *Customer satisfaction and retention: the experiences of individual employees*. Sweden. University of Trollhättan/Uddevalla.
- Nick, Patrick. 2008. *Customer satisfaction management*. Portugal. European Public Administration Network
- Needham. (1999). Sociology communication: *Communication Journal for Research Writing*. 16 (5): 109-118.
- Oliver. 1989. Modeling customer retention as a relationship problem. *Journal of Consumer Research*, 16 (3): 372– 383.

- Parasuraman, A., Zeithaml, V., Berry, L. 1988. The dimension of CRM effecting Relationship Management *Journal of Marketing*, **49**: 35-48.
- Parvatiyar, A., & Sheth, J.N. 2001. Customer relationship management: emerging practice, process, and discipline: *Journal of Economic and Social Research*, **3** (2): 1-34
- Reichheld, F.F. 1993. Loyalty-based management: *Harvard Business Review Journal*, **1**: 64-73
- Richard, J.E. 2006. Customer relationship management (crm) technology impact on business relationship. Victoria. Victoria University of Wellington
- Richard, J.E. 2008. *The impact of customer relationship management on customers' loyalty*. New York: Irwin/McGraw-Hill.
- Rust & Subramanian. 1992. Relating service quality and satisfaction level: a multi-dimensional perspective: *Journal of Marketing*, **23** (10/11): 78
- Strauss & Wagner. (1993). Managing customer satisfaction in distribution: *International Journal of Physical Distribution*, **2** (3): 126-31
- Swift, Corner, I. and Hinton, M.. 2002. Customer relationship management systems: implementation risks and relationship dynamics: *Qualitative Market Research: an Internal Journal*, **5** (4): 239- 25

Wilson, T., Soni, K., O’Keeffe. 1988. Modeling customer retention as a relationship problem: *Journal of Consumer Research*, **15** (2): 224– 281.